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11 UNITED STATES OF AMERICA

12 UNITED STATES DISTRICT COURT

13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 UNITED STATES OF AMERICA,

15 Plaintiff,

16 v.

17 DAREN LI,
aka "Devon,"
18 aka "KG-PERFECT,"
aka "RF," and
19 YICHENG ZHANG,
aka "Eason,"

20 Defendants.
21

CR 2:24-00311-SVW

GOVERNMENT'S SUPPLEMENTAL NOTICE
OF RELATED CASE AND MOTION FOR
RECONSIDERATION OF ORDER RE
TRANSFER

22
23 Plaintiff United States of America, by and through its counsel
24 of record, the United States Attorney for the Central District of
25 California and Assistant United States Attorneys Nisha Chandran and
26 Maxwell Coll, hereby files this Supplemental Notice of Related Case
27 and Motion for Reconsideration of the Order Re Transfer (CR-24-311,
28 Dkt. 33).

1 This response is based upon the attached memorandum of points
2 and authorities, the files and records in this case, and such further
3 evidence and argument as the Court may permit.

4 Dated: May 23, 2024

Respectfully submitted,

5 E. MARTIN ESTRADA
6 United States Attorney

7 CAMERON L. SCHROEDER
8 Assistant United States Attorney
9 Chief, Criminal Division

10 /s/

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MEMORANDUM OF POINTS AND AUTHORITIES**I. INTRODUCTION**

On May 15, 2024, a grand jury returned an indictment in the above-captioned case charging defendants Daren Li ("LI") and Yicheng Zhang ("Y. ZHANG") with conspiracy to commit money laundering and international money laundering. Contemporaneous with the indictment, the government filed a Notice of Related Case (CR-24-311, Dkt. 20) informing the Court that this case arises out of the same conspiracy, common scheme, transaction, and series of transactions or events as the conspiracy charged in United States v. Lu Zhang, et al., 2:23-CR-596-RGK (the "Related Case"). On May 22, 2024, the Court declined transfer of this case, explaining that it was "unable to discern whether the cases involve the . . . same transactions, occurrences, or events, and involve the same alleged conspiracies." (CR-24-311, Dkt. 33.)

As described in the indictments in this case and the Related Case, the complaint and search warrant in this case, and further herein, the money-laundering conspiracies charged in both cases involve the same scheme: both cases have identical co-conspirators, victims, bank accounts, and international financial institutions. Indeed, the defendants in this case directed the defendants charged in the Related Case--"Co-Conspirator 1" named in this indictment is lead defendant Lu Zhang in the Related Case. The government respectfully requests that pursuant to Local Rule 7-4, the Court grant this Motion and order the transfer of the above-captioned case.

1 **II. ARGUMENT**

2 **A. The Local Rules**

3 Local Rule 7-4 directs the parties to file a Notice of Related
4 Case when:

5 a criminal case previously filed and one or more informations
6 or indictments later filed:

7 (a) arise out of the same conspiracy, common scheme,
8 transaction, series of transactions or events; or

9 (b) involve one or more defendants in common, and would
entail substantial duplication of labor in pretrial,
trial or sentencing proceedings if heard by different
judges.

10 Here, the government provided notice that the cases arise
11 out of the same conspiracy, common scheme, transaction, series
12 of transactions or events. Discussed further below, the
13 indictments in both cases describe the same fraud scheme and
14 allege transactions to the same international bank accounts.

15 **B. Same Conspiracy and Common Scheme**

16 On the face of the indictments, the cases arise out of the
17 same fraud conspiracy, the same cryptocurrency-investment
18 scheme, and the same transactions or series of transactions.

19 As to the scheme, the Manner and Means allegations of both
20 indictments are nearly identical. Compare (CR-23-596, Dkt. 1 at
21 5-8) with (CR-24-311, Dkt. 14 at 6-9). Both cases involve the
22 same unindicted co-conspirators who promoted fraudulent
23 cryptocurrency investments to steal victim funds. The victims
24 in both cases that were targeted by those scammers overlap. And
25 the victim funds referred to in the Related Case indictment
26 flowed to Bahamas Account #1 and Bahamas Account #2 in this
27 case. The "overall fraud scheme" referenced in the Related Case
28

1 indictment (CR-23-596, Dkt. 1 at 8) is the same "fraud scheme"
2 discussed in this case (CR-24-569, Dkt. 14 at 8.)

3 As to the conspiracy, the defendants charged in this case
4 were leaders of in the same scheme charged in the Related Case.
5 As alleged in this case, "Defendants LI and [Y.] ZHANG would
6 **instruct** co-conspirators . . . to open bank accounts in the
7 names of various shell companies." (CR-24-311, Dkt. 14 at 7
8 (emphasis added).) As alleged in the Related Case, defendant
9 ZHU and other co-conspirators "**opened bank accounts** in the names
10 of various shell companies." (CR-23-596, Dt. 1 at 6 (emphasis
11 added).)

12 This case also specifically alleges that Defendants LI and
13 Y. ZHANG directed Co-Conspirator 1, including by providing Co-
14 Conspirator 1 with wiring instructions for a Bahamas Bank
15 Account, by sending her a list of shell companies that sent
16 victim proceeds to Bahamas Accounts #1 and #2, and by
17 instructing her to make a videorecording and a phone call at a
18 bank where victim proceeds were frozen. (CR-24-311, Dkt. 14 at
19 10-12.)¹ In the Related Case, the defendants in fact wired
20 money to the same referenced Bahamas Account (discussed below),
21 used shell companies that sent victim proceeds to the Bahamas,
22 and made calls and videos at banks where victim funds had been
23 frozen. (CR-23-596, Dkt. 1 at 6-9.) The defendants in this
24 case and the Related case are part of the same conspiracy.

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26
27 ¹ See also CR-24-311, Dkt. 1 at 16-22 (complaint for LI
28 discussing LI's direction of Lu Zhang); MJ-24-02865 (search warrant
for Y. ZHANG discussing Y. ZHANG's direction of Lu Zhang). As
discussed, Lu Zhang is the lead defendant in the Related Case.

1 The indictments describe the same scheme and conspiracy to
2 launder funds through U.S. bank accounts to the same Bahamas
3 financial institution. The defendants in this case were leaders
4 of the lower-level individuals in the Related Case, and were
5 necessarily part of the same conspiracy.

6 **C. Same Series of Transactions**

7 In addition to same conspiracy and common scheme, this case and
8 the Related Case involve the same series of financial transactions.
9 This indictment describes financial transactions from U.S. shell
10 companies to accounts at Deltec Bank in The Bahamas, referred to in
11 this indictment as "Bahamas Account #1" and "Bahamas Account #2."
12 (See, e.g., CR-24-311, Dkt. 14 at 8.) As alleged in this indictment,
13 "Defendants LI and ZHANG, and other co-conspirators, would monitor
14 the receipt and execution of interstate and international wire
15 transfers of victim funds, including to Bahamas Account #1 and
16 Bahamas Account #2." (Id.) And defendant LI transferred
17 cryptocurrency to facilitate the operation of Bahamas Account #2 (id.
18 at 9) and continued to participate in the direction of funds in
19 Bahamas Account #2 (id. at 10).

20 The indictment in the Related Case describes the exact same
21 accounts at Deltec Bank. (See, e.g., CR-23-596, Dkt. 1 at 9.) As
22 alleged in the Related Case indictment, "On October 20, 2022,
23 defendants ZHU and WONG . . . executed a wire transfer of \$225,000 .
24 . . with wire instructions directing that the money ultimately be
25 transmitted to a **bank account with Deltec Bank.**" (Id. (emphasis
26 added); see also id. at 10 (describing another transfer to a "bank
27 account with Deltec Bank").) Bahamas Account #2 in this case is the
28 same "bank account with Deltec Bank" referenced in the Related Case.

1 The transactions in the schemes in both cases are overlapping.

2 **III. CONCLUSION**

3 For the foregoing reasons, the government respectfully requests
4 that the Court grant this Motion and order the transfer of the above-
5 captioned case.